

Message Text

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42

ACTION EB-11

INFO OCT-01 ARA-10 ISO-00 CAB-01 CIAE-00 COME-00 DODE-00

DOT-00 INR-11 NSAE-00 RSC-01 FAA-00 FEA-01 L-03 SP-03

OMB-01 TRSE-00 DRC-01 /044 W
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R 262146Z JUL 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 4000

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E O 11652 NA

TAGS ETRN CO

SUBJ: CIVAIR - BRANIFF FUEL PROBLEM

REF STATE 148204

1. LOCAL BRANIFF OFFICIALS HAVE AGAIN APPROACHED THE EMB REGARDING THE LONG PENDING ISSUE OF DOMESTIC TAXES ON JET FUEL FOR INTERNATIONAL CARRIERS. WITH RAPID INCREASE IN PRICE OF JET FUEL, TEN PERCENT SALES TAX HAS BECOME IMPORTANT FACTOR IN OPS COSTS AND COMPETITIVE POSITION OF US CARRIERS.

2. DEPT WILL RECALL THAT ON THREAT OF REVOCATION OF AVIANCA'S SALES TAX EXEMPTION IN US IN EARLY 72, GOC FORNMIN AGREED TO LOOK INTO POSSIBILITY OF MECHANISM TO REFUND COLLECTIONS OF COLOMBIAN TAX. AT SUGGESTION OF BRANIFF AND PANAM EMB DID NOT PURSUE MATTER IN ORDER TO GIVE COMPANY ATTORNEYS OPPORTUNITY TO ATTEMPT TO RESOLVE PROBLEM WITH NATIONAL TAX OFFICE. TAX OFFICE HAS APPARENTLY MADE LITTLE OR NO EFFORT TO BE OF ASSISTANCE AND HAS REQUESTED EXTENSIVE DOCUMENTATION INCLUDING RECEIPTS FOR ALL FUEL PURCHASES SINCE 64.

3. BRANIFF OFFICIALS INDICATE THEY WOULD BE WILLING TO RENOUNCE REFUND OF TAXES ALREADY PAID IF GOC WOULD TAKE STEPS IMMEDIATELY TO STOP CHARGING TAX. EMB HAS ALSO DISCUSSED SITUATION WITH PANAM
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OFFICIALS WHO INDICATE THEY ARE NOT SURE ABOUT RENOUNCING POSSIBLE

REFUND BUT WOULD GREATLY APPRECIATE ANY EMB INITIATIVE TO SPEED
UP GOC ACTION.

4. IF DEPT HAS NO OBJECTION EMB PLANS TO SUBMIT DIPLOMATIC NOTE
TO FORNMIN REMINDING THEM OF GOC COMMITMENT TO STUDY QUESTION
AND OF THEIR REQUEST FOR POSTPONEMENT OF US SALES TAX APPLICATION
BASED ON SUCH COMMITMENT. WE WOULD NOT, HOWEVER, INDICATE BRANIFF-
PANAM POSITIONS RE TAX REFUND BUT LEAVE THIS FOR NEGOTIATIONS
BY COMPANIES THEMSELVES.

5. EMB FORWARDED NOTE TO FORNMIN ON JULY 11/74 PROTESTING APPARENT
DISCRIMINATION IN PRICING POLICIES FOR INTENDED JET FUEL AS
INSTRUCTED IN REFTEL BUT HAS AS YET RECEIVED NO RESPONSE. MC ANINCH

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Message Attributes

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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, TRADE DISCRIMINATION, AIRLINES, JET FUEL, PRICES, SALES TAXES, NEGOTIATIONS, DIPLOMATIC NOTES
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Draft Date: 26 JUL 1974
Decaption Date: 01 JAN 1960
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Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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30 JUN 2005

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